

THE DYNAMIC RELATIONSHIP BETWEEN E-COMMERCE, FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH A CASE OF GHANA

Benjamin Adjei Danquah

1. School of Economics, Wuhan University
of Technology, Wuhan 430070

P.R. CHINA

2. Faculty of Business, Kumasi Technical
University, Box 854, Kumasi, **GHANA**

Dong Lin Chen

School of Economics, Wuhan
University of Technology, Wuhan
430070

P.R. CHINA

ABSTRACT

The study of economic growth of a nation is difficult as its factors are mixture of many variables according to their function in the rate of growth of Gross Domestic Product (GDP). Therefore, for a specific nation to obviously identify its linkage, the matter deserves further investigation. The objective of the study is to identify the association between E-commerce, FDI inflows and GDP of Ghana between 2000 to 2015 year. The general form of multivariate vector error correction model (VECM) was used to analyse the dynamic association between the variables. The variables: GDP & FDI and GDP & E-Commerce are bidirectional that changes in any of them affects the other variables. This means the government must make sure that policies to improve economic growth must target E-Commerce and FDI growth. The FDI and E-Commerce are unidirectional and changes in FDI affect E-Commerce but changes in E-Commerce do not affect FDI. The dynamic relationship between E-Commerce, FDI and the rate of Economic growth are improvement of FDI will improve of E-Commerce and it will subsequently drag the next phase of economic.

Keywords: Economic growth, E-commerce, Foreign Direct Investment, Relationship, Ghana.